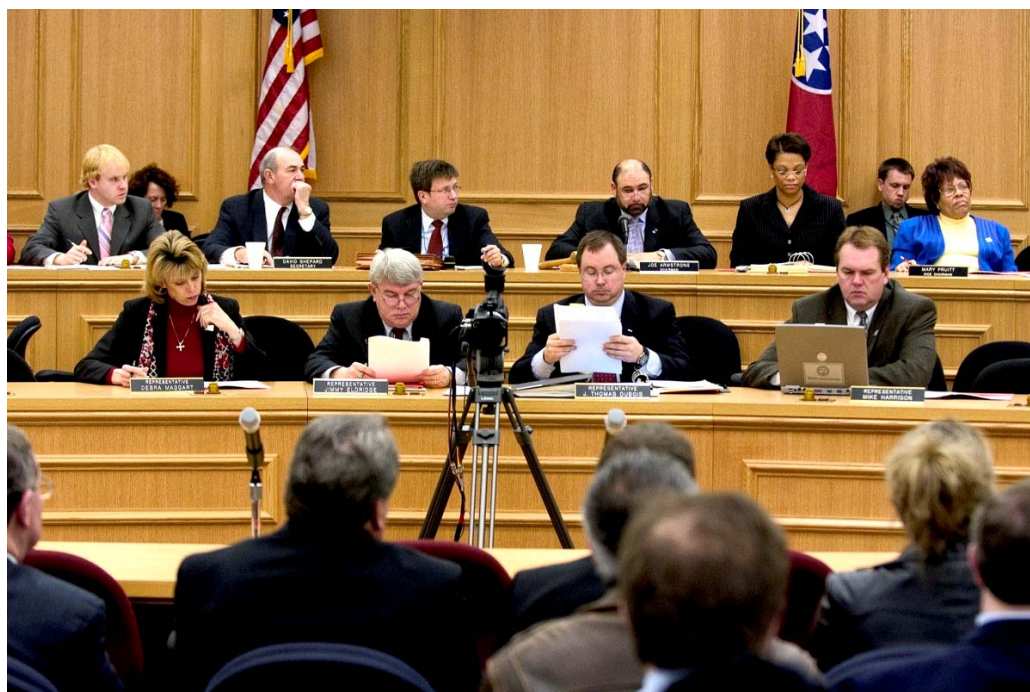


The Research Review

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104th General Assembly

Session Edition II
March 3, 2005



Pictured above: The Health and Human Resources Committee at its March 1st meeting.



*House
Committee
Activity
Feb. 28th
through
March 3rd*



Matt Barnes
Agriculture
Commerce

Lawrence Hall, Jr.
State and Local Government

Pam Mason
Education

Judy Narramore
Health and Human Resources

Shannon Romain
Children and Family Affairs
Consumer and Employee Affairs

Kristina Ryan
Government Operations

Rachel Thomas
Conservation and Environment
Transportation

Julie Travis
Finance, Ways and Means

Jamie Wyatt
Judiciary

Denise Sims, Director
741-3025

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Agriculture

Matt Barnes

Tuesday, March 1st

House Bills 0382 and 0198, the two bills on the Agriculture Committee's calendar this past Tuesday, were rolled for two weeks. HB 0382 (Bone) exempts community fairs and other fairs eligible for state grants from charitable organization registration with the Secretary of State. HB 0198 (Todd) enacts the "Clean Air Act of 2005."

The committee then heard from Dr. Ron Wilson, State Veterinarian and Director of the C. E. Kord Animal Disease Diagnostic Laboratory, on agriculture-related homeland security issues. "Agri-security" is comprehensive effort involving a team of agricultural, scientific and other experts to protect food, plant and animal security during acts of terrorism, bioterrorism or other

threats. The Agriculture Department also serves as the lead state agency for Emergency Support Function 16, in which the Department's Regulatory Services collaborates with TEMA, USDA and a number of other agencies in the event of a national or local emergency.

Dr. Wilson also discussed the USDA's National Animal Identification Program, which was announced in April of last year. When fully operational, this identification and tracking system will be able to trace a sick animal or a group of animals back to the most likely source of infection, and have the ability to trace exposed animals that may have been moved away from the premises. Its long term goal is to establish a system that can identify all premises and animals that have had direct contact with a disease of concern within 48 hours. *(Summary by Denise Sims)*

Children and Family Affairs

Shannon Romain

The **full committee** met on Wednesday to consider **HB 1210** (Rep. Bowers). Pursuant to the bill, a person who knowingly violates an order of protection commits a Class C misdemeanor domestic violence offense.

Under current law, a person arrested that violates an order of protection may be held in contempt and receive up to 10 days in jail and a \$50 fine. This legislation eliminates the contempt provision with respect to such violations. Penalties include up to 30 days in jail, probable probation, and the criminal misdemeanor offense on the offender's permanent record.

The magistrate is required to notify the victim of the defendant's arrest, and even if the defendant is arrested pursuant to this bill, any order of protection the victim has against the defendant at the time of his or her arrest would remain in effect. The bill was **referred to Finance, Ways and Means** as a result of the impact to local governments

which exceeds \$100,000.

Family Justice Subcommittee

The Family Justice Subcommittee **referred three bills to the full committee this week**. **HB 0780** (Rep. Clem) permits the court to award marital property as damages for pain and suffering, alienation of affection and punitive damages in divorce cases where a spouse can prove by clear and convincing evidence that the other spouse committed adultery, abandonment or domestic violence within one year prior to either party filing for divorce.

In addition to proving that the other spouse committed any of the prescribed offenses, the requesting spouse must also prove, by a preponderance of the evidence, that he or she did not commit any of the same offenses within one year prior to filing for the divorce.

Domestic Relations, continued

Damages awarded pursuant to HB 0780 shall be based in actions in tort rather than contract and may be awarded notwithstanding any prenuptial, antenuptial, or other agreements between the parties regarding the division of marital property.

According to the sponsor, the bill “puts fault back in divorce” and will only affect a small number of divorce cases.

HB 0784 (Rep. DuBois) seeks to create a uniform “Parenting Plan” form that shall be used by all courts within the state that approve parenting plans. The Administrative Office of the Courts, in consultation with the Tennessee Family Law Commission, the Domestic Relations Committee of the Tennessee Judicial Council, and other knowledgeable persons, shall develop the form and distribute it to the courts by June 1, 2005. The courts shall begin using the forms on or after July 1, 2005.

The committee unanimously recommended an

amendment to the bill. The proposed amendment requires the aforementioned groups to study the implementation and the courts use of the form and to report their findings to the appropriate House and Senate committees along with their recommendations by January 15, 2006.

HB 1567 (Rep. Fowlkes) permits persons who served as county commissioners before October 1, 1994 to perform marriages.

In response to concerns over the increasing the numbers of individuals across the state that are authorized to perform marriages, Rep. Fowlkes indicated that the bill was brought on behalf of a personal friend and that he did not foresee that it would result in a large number of former commissioners performing marriages.

The **Domestic Relations** subcommittee did not meet this week, but will meet at its regularly scheduled time on Tuesday, March 8, at 3:00 PM.



Committee Vice Chair Jones, Chairman DeBerry

Commerce

Matt Barnes

Full Committee

The **Commerce Committee** met on Tuesday with five bills on calendar.

HB 0461 (Sontany) revises the experience requirements for registered interior designers appointed to the Board of Examiners for Architects and Engineers. Present law requires registered interior designers appointed to the Board to have ten years' experience as a registered practitioner as of January 1, 2004. This bill pushes that date back ten years to January 1, 2014. Until then, the interior designer Board member shall have been a registered interior designer for at least five years and have ten years' experience as an interior designer. *[passed to Calendar and Rules]*

HB 0741 (Baird), in order to expand the pool of knowledgeable candidates, authorizes utility district boards to fill vacancies with persons who have served the utility district as a manager, president, chief executive officer or comptroller for at least ten years *regardless of the county of residence*. *[passed to Calendar and Rules]*

HB 0380 (Bone) restricts the applicability of the "Utilities' Cut-off Procedures Act" to Metropolitan Nashville and Davidson County, as opposed to present law that applies to all metropolitan governments, including Davidson, Trousdale and Moore counties. *[passed to Calendar and Rules]*

HJR 0086 (Cooper) urges TennCare to adopt a cost-of-living index for the reimbursement of kidney dialysis treatments. The committee adopted an amendment that simply corrects two errors. Several members wondered why a fiscal note was attached to a resolution that simply urges action. Vice-chair Curtiss said he would find out and report back to the committee. *[passed to Finance, Ways and Means as amended]*

HB 1275 (Coleman) repeals Tennessee's "anti-

affiliation" statute, thereby removing the restriction for those banks in Tennessee owned by bank holding companies from offering insurance agency services. A 1996 U.S. Supreme Court case, as well as the federal Gramm-Leach-Bliley Act of 1999, renders the Tennessee statute obsolete. *[passed to Calendar and Rules]*

Industrial Impact Subcommittee

At the **Industrial Impact Subcommittee** meeting this Tuesday, the subcommittee took up just one bill, rolling its other, **HB 1636** (McKee) for two weeks. **HB 0078** (Hargrove) exempts from insurance producer licensing requirements those persons who, in connection with a motor rental agreement that does not exceed 90 days, sell optional insurance. The commissioner of the Department of Commerce and Insurance is authorized to sanction those rental companies that commit unfair trade practices or fraud. The subcommittee passed the bill to full committee.

Small Business Subcommittee

The **Small Business Subcommittee** met on Tuesday to consider one bill, passing **HB 0006** (Ferguson) to full committee as amended. Enacting the "Tennessee Home Inspector License Act of 2005" after three years of work on the issue, the amendment re-writes the bill and revises the licensing requirements to include all home inspections, as opposed to current law that requires licensing only for new construction. The fiscal impact an issue before, the bill now breaks even in that regard. The subcommittee heard from Rob Broome and Russ Farrar of the Tennessee Association of Realtors, Meredith Sullivan, legislative liaison for the Department of Commerce and Insurance, and Rep. Phillip Johnson, himself a home inspector.

Basically, applicants will be required to complete 90

Small Business, continued

hours of commissioner-approved training and a commissioner-approved competency examination. Further, applicants must obtain insurance for general liability and for errors and omissions. In lieu of insurance for errors and omissions, applicants may post a bond in accordance with rules and regulations the commissioner is authorized to promulgate. Applicants principally engaged in home inspections for at least 2 years that have completed at least 150 home inspections will not have to complete the 90 hours of training.

With the subcommittee running out of time while discussing the bond issue, Chairman Ferguson asked that the bill be passed to full committee where it will be worked out.

Utilities and Banking Subcommittee

The **Utilities and Banking Subcommittee** met Wednesday with five bills on calendar, rolling **HB 0681** (Litz) for one week and **HB 1235** (Johnson, R.) for two.

HB 0462 (Odom), with an amendment that re-writes

the bill, creates options for cemetery owners to choose from in determining “net earnings” for distributions from their improvement care trust funds. To withdraw 5% of the trust, the current market value after the withdrawal shall be greater than 80% of the market value at the time the method of calculation were chosen. *[passed to full committee as amended]*

HB 1273 (Fowlkes), with an amendment that re-writes it, establishes the time to commence an action to force a bank to pay on all types of deposit accounts. Rep. Fowlkes said the Tennessee Bar Association brought the bill to address the current absence in Tennessee law for the six-year statute of limitations to begin for accounts other than certificate of deposit accounts. Patterned after a similar Alabama statute, this bill continues present law for certificates of deposit but sets four dates to address all deposit accounts. *[passed to full committee as amended]*

HB 1278 (Fitzhugh) extends from 20 to 30 years the fixed term, along with extensions, for the duration of open-end mortgage credit agreements. *[passed to full committee]*

Conservation and Environment

Rachel Thomas

The full **Conservation and Environment Committee** convened March 2, 2005, though there were no bills on the calendar. However, the committee heard the annual report on forestry from the Tennessee Department of Agriculture. First, a number of recommendations were made along with suggested actions to execute the recommendations. The areas in which such recommendations were made are as follows: wildland urban interface, forest fragmentation, forest health, timber resources, and water quality.

The department then outlined various accomplishments in the area of forestry during 2004. The units responsible for these accomplishments are as follows: forest resource protection, forest resource management, urban forest resource management, forest data and technology, reforestation, public outreach, state forest management, and safety and training operations. For details on the department’s suggested improvements or accomplishments, please contact the House Research Division.

Environment Subcommittee

The **Environment Subcommittee** met March 2, 2005, to discuss two joint resolutions and two bills. **HJR 92** (Cooper B), **HJR 94** (Cooper B), and **HB 925** (Tidwell) were deferred until next week's meeting. **HB 855** (Johnson R) was passed out of subcommittee to the full Conservation and Environment Committee. This bill exempts the sale of hybrid-electric vehicles and alternative-fueled vehicles registered in Tennessee from sales and use tax. However, local taxes would still be applicable.

Parks and Tourism Subcommittee

The **Parks and Tourism Subcommittee** assembled on March 1, 2005, to discuss two bills. Action on

Representative Borchert's **HB 409** was deferred for one week. **HB 1272** (McDonald) passed to the full committee. This legislation narrows the prohibition of chasing, hunting, or killing wild game from vehicles.

Wildlife Subcommittee

The **Wildlife Subcommittee** convened on March 1, 2005. There were four bills on notice that the committee considered. Action on **HB 1269** (McDonald), **HB 1270** (McDonald), and **HB 1271** (McDonald) was deferred for one week. Representative West's **HB 719** was voted to full committee. This bill names the Gee Creek campground bath house in honor of Rob Skinner.

Consumer and Employee Affairs

Shannon Romain

HB 1095 (Rep. McMillan) was referred to Calendar and Rules. The bill prohibits persons who issue credit and debit card receipts from displaying more than five of the account or expiration date numbers on any receipt generated by a cash register or machine.

Neither the **Consumer Affairs** nor the **Employee Affairs** subcommittees met this week, but will meet next week at their regularly scheduled times.

Education

Pam Mason

The Full Committee

The House Education Committee met on Wednesday, March 1, to hear two presentations. The Tennessee Higher Education Commission addressed the committee on the 2005-10 Master Plan for Tennessee Higher Education. Dr. Brian Noland, Assistant Executive

Director for Policy, Planning, and Research, reported on the progress of this plan that is in development. Completion of the formal proposal is scheduled for April of this year. A working draft of the Master Plan is available on THEC's web site. Mr. Russ Deaton, Director of Fiscal Analysis, next presented an

Education, continued

overview of the proposed plan with emphasis on the formula.

The next item on the agenda was a report from the Tennessee Board of Regents. Dr. Charles Manning, Chancellor, gave a general report on the Board and some recent history. The Tennessee Board of Regents is the sixth largest system of public higher education in the nation. Dr. David Gregory, Vice Chancellor of Administration and Facilities Development, next presented enrollment and financial data. Dr. James King, Vice Chancellor of Technology Centers, finished the presentation with a report on the Tech Centers. Chairman Winningham thanked the Chancellors for the information provided in their reports.

Higher Education Subcommittee

At the Wednesday Subcommittee meeting the following actions were taken.

Referred to Full Committee:

HB 52 – (Matheny) allows children of retired teachers, up to age 24, to receive 25 percent higher education tuition discount.

HB 669 – (Maddox) allows children of full-time public school technology coordinators to receive 25 percent higher education tuition discount.

HB 1087 – (McMillan) provides tuition waivers at state higher education institutions for students who are, or were formally, in state custody as foster children.

HJR 9 – (Newton) designates April 4-10, 2005, "Community College Week."

Deferred 1 week:

HB 129 – Turner, M.

Following consideration of the calendar, Dr. Brian Noland addressed the subcommittee on the Lottery Scholarship Program.

K-12 Subcommittee

The K-12 Subcommittee met on Tuesday, March 1, and acted on the following legislation.

Referred to Full Committee:

HB 436 – (Cooper) allows certain LEAs to apply for certain hardship grants to increase ratio of school social workers to students.

HB 674 – (Maddox) establishes supervisors' study council.

HB 897 – (Cooper) requires the state to appropriate funds to LEAs to fund a community education program for high priority schools; authorizes a pilot program.

HB 1104 – (McMillan) provides for licensure of JROTC instructors.

HB 1105 – (McMillan) provides for licensure of JROTC instructors.

HB 1107 – (McMillan) requires elementary and secondary schools to provide annually information about meningococcal disease to parents and guardians of students.

HB 1662 – (Maddox) specifies that instruction and recitation of pledge of allegiance in public schools is not state endorsement of religion.

HJR 88 – (Cooper) urges department of education to develop and provide proper instruction to students about healthy lifestyle habits.

Deferred 1 week:

HB 193 – (Hackworth) **HB 900** – (Cooper)

HB 901 – (Cooper) **HJR 90** – (Cooper)

Taken off notice: **HB 270** - (McDaniel)

House Education Committee



Finance, Ways & Means

Julie Travis

The Full Committee

The Finance Committee considered four items on its calendar for March 1, 2005.

HJR 0020 (McMillan) continues the special joint committee studying the alignment of trial court judicial districts and the allocation of judicial personnel in those districts. As amended by the Budget Subcommittee, the resolution calls for the special joint study committee to complete its work prior to the deadline as was funded in last year's budget. *(sent to Calendar & Rules as amended)*

HB 0217 (Briley) extends the litter tax on beer and bottled products for an additional six (6) years until June 30, 2010, or until June 30, of any year following the enactment of any state or federal law which imposes mandatory deposits by consumers on beverage containers sold in Tennessee. This act would take effect on June 1, 2005, and applies to all tax returns filed on or after June 1, 2005. Current beer and bottlers' gross receipts taxes contain a temporary tax on bottles of soft drinks (extra 0.4% gross receipts tax rate) and barrels of beer (extra 50¢ per barrel tax) earmarked to fund programs for the prevention and collection of litter. (T.C.A. §§57-5-201 (a)(2) & 67-4-402(b)(1)) *(sent to Calendar & Rules)*

HJR 0024 (Dunn), approved by the 103rd General Assembly, provides that the only recognized marital contact is one between one man and one woman. The resolution would be placed on the 2006 regular November general election ballot. This bill will only affect the FY 06-07 budget, as one-time publication costs of \$20,000 will be to local governments in the Fall of 2006 for each county election commission to cover the costs of printing the text of the proposed amendment in each county's newspaper of general circulation. *(sent to Calendar & Rules)*

HB 0800 (Baird) provides for a special allocation of the state sales tax distribution in Campbell County for a pri-

vate development at the Norris Dam State Park. The redistribution of sales tax revenue in Campbell County would be in the amount of sales taxes to indebtedness incurred by the county to the same extent that the county may pledge any revenues of the county. The bill is funded (re. State monies only) by the county paying the estimated costs of software changes necessary for the implementation of the bill. As reflected in the bill's fiscal note, forgone state revenues would exceed \$500,000 recurring each year. An amendment following the bill clarifies a portion of the bill's language. After some discussion about the language, and if another county could opt in, it was decided that this would be brought back next week. *(rolled one week)*

Budget Subcommittee

Budget Sub considered seven items on its calendar for March 2, 2005.

HJR 0016 (Miller) proposes an amendment to the State Constitution prohibiting sales and use taxes on good and services. *(rolled two weeks)*

HB 0807 (Bowers) exempts from Hall income, business, excise and franchise, and sales and use taxes film and video production companies who produce in Tennessee. The bill was rolled to continue work on an amendment and on the fiscal memo. *(rolled two weeks)*

HB 0027 (Shepard) is a highway sign bill naming S.R. 250 across Harpeth River the "Herbert L. 'Hub' Harris Bridge." *(moved to the full committee)*

HB 0389 (Shepard) is a highway sign bill naming a segment of S.R. 100 in Hickman County "Officer Christy Jo Dedman Memorial Highway" in honor of Police Officer Dedman who was killed in the line of duty. *(moved to the full committee)*

Finance, continued

HB 0637 (Cochran) is a highway sign bill naming a bridge spanning Mill Creek on S.R. 91 in Carter County the “Roy ‘R. H.’ Taylor Memorial Bridge.” *(moved to full committee)*

HB 0398 (Shepard) increases the per diem for board of nursing members from \$50 to \$100. An amendment from the Department of Health removes language from the bill that refers to a board activity that is no longer in practice. The bill was rolled for the amendment to get through the system. *(rolled one week)*

HB 0755 (Clem) addresses fourteen missionary doctors providing charitable or benevolent services overseas, but who have residence in Tennessee. The bill would exempt these physicians from the \$400 occupation privilege tax. After discussion, the sponsor asked that it be placed on the last calendar of the subcommittee.

(rolled to the last calendar)

(Finance report compiled this week by Denise Sims)



- Budget Hearings follow today's session.

Scheduled:

- Department of Health
- Department of Children's Services



Government Operations

Kristina Ryan

The Government Operations Committee met on Wednesday, March 2nd to examine eighteen pieces of legislation. **HB 1281** by Representative Larry Miller was rolled for one week and **HB 1460** by Representative Kernell was also rolled for one week. Six bills were reviewed and referred for other standing committees and the remaining ten bills were sunset bills.

The committee reviewed and referred **HB 0003** by Representative Shepard to the Health and Human Resources Committee. The bill, as amended, provides that price gouging of vaccines and inoculations during a medical emergency as an unfair or deceptive trade practice. The Commissioner of Health would have the authorization to promulgate rules and regulations of this legislation.

HB 530 by Representative Hackworth was reviewed and referred to the Finance, Ways & Means Committee. This legislation would allow nonprofit organizations to have a tax credit on their state franchise and excise taxes. Rulemaking authority would be designated to the Commissioner of Revenue.

HB 1340 by Representative Litz was referred to the Finance, Ways & Means Committee. Under this legislation, the Department of Revenue would be required to establish a compensation program for small in-state dealers to recover a portion of expenses accrued from collecting and remitting sales and use tax. In addition, the Department of Revenue will be responsible for promulgating the rules and regulations to enforce the provisions of this act.

The committee reviewed and referred **HB 1574** by Representative West to the Transportation Committee. This bill will construct a pilot project to create a driver testing station at McGavock High School in Metropolitan Nashville. The Commissioner of Safety would have the authorization to promulgate rules and regulations in order to implement this legislation.

HB 1265 by Representative Hensley was reviewed for the Health and Human Resources Committee. This legislation specifies the manner in which the Department of Health can regulate advertising practices by health care professionals. The rulemaking authority will be promulgated by the respective health related boards affected by this legislation.

The committee reviewed and referred **HB 368** by Representative Bowers to the Health and Human Resources Committee. This legislation creates the “Tennessee Chronic Kidney Disease Screening Act of 2005.” An amendment was added to the bill that would clarify that the Commissioner of Health would be empowered to promulgate rules and regulations in order to enforce this bill.

The following sunset bills were sent to the Calendar & Rules Committee:

- **HB 1440** (Kernell) – TennCare Claims Processing Panel – re-authorized until June 30, 2009.
- **HB 1447** (Kernell) – Advisory Committee on Women’s Health – re-authorized until June 30, 2009.
- **HB 1457** (Kernell) – West Fork Drakes Creek Dam and Reservoir Authority – re-authorized until June 30, 2011.
- **HB 1461** (Kernell) – State Oil and Gas Board – re-authorized until June 30, 2011.
- **HB 1472** (Kernell) – Commission on Firefighting Personnel Standards and Education – re-authorized until June 30, 2009.
- **HB 1494** (Kernell) – Judicial Council – re-authorized until June 30, 2010.
- **HB 1495** (Kernell) – Board of Claims – re-authorized until June 30, 2009.
- **HB 1497** (Kernell) – Local Education Insurance Committee – re-authorized until June 30, 2009.
- **HB 1500** (Kernell) – Utility Management Review Board – re-authorized until June 30, 2009. (*continued*)

Government Operations, continued

- **HB 1464** (Kernell) – State Health Planning and Advisory Board.

Public Chapter 942 from 2004 Public Acts transferred the powers and duties of this board to the Department of Finance and Administration. Because this board no longer exists, and amendment was placed on this bill to sunset this board.

Health and Human Resources

Judy Narramore

Full Committee

The **Health & Human Resources Committee** met on Tuesday, March 01, 2005, to consider seven pieces of legislation.



HB 0038 by Rep. Bowers, which requires TennCare applicants to identify their employer or the employer of any person financially responsible for the applicant, was rolled one week for consideration of amendatory language requested by the Bureau of TennCare. **HB 0038** also requires F&A to report annually to the General Assembly those employers with 25 or more employees who applied for TennCare in the last year.

HB 0194 by Rep. Marrero, which changes the name of a representative on the state family support council from “Tennessee Network of Community Organizations” to “Tennessee Community Organizations,” was referred to C&R. **HJR 0085** by Rep. Cooper that urges

the Department of Health and Department of Education to develop and implement a program in Tennessee’s elementary, secondary, middle, and high schools that will successfully combat the problem of childhood obesity was referred to C&R. **HJR 0091** by Rep. Cooper as amended that urges the Department of Health and Bureau of TennCare to conduct a joint study identifying any disparities in health care that exist in Tennessee was rolled one week for consideration of additional amendatory language. **HB 0186** by Rep. Coleman, which expands existing law to give TBI crime laboratory personnel exposed to blood or body fluid of an arrested person the right to request a blood test of such person if there is significant risk of exposure to Hepatitis B or HIV, was considered and subsequently rolled one week for amendatory language. Rep. Odom rolled **HB 0479** (prescribing privileges for psychologists) two weeks. **HB 0801** by Rep. Armstrong as amended was referred to C&R. As amended, **HB 0801** makes clarifying changes to the Medication Error Reduction Act of 2004 and codifies existing practice related to physicians’ standing orders.

(continued)

Health Care Facilities Subcommittee

The **Health Care Facilities Subcommittee** held its first meeting of the 104th General Assembly on Tuesday, March 1, 2005, at its new 3:00 PM meeting time. Chairman Overbey welcomed committee members and staff.

One bill was on the subcommittee's first calendar of 2005. **HB 1232** by Rep. Odom as amended was referred to full committee. As amended, HB 1232 authorizes hospice services to be provided in designated areas of hospitals by a certified hospice provider without altering the number of licensed hospital beds or resulting in the establishment of a residential hospice. Admission to the hospital is not required in order to receive such hospice services.

Mental Health Subcommittee

The **Mental Health Subcommittee** met Tuesday afternoon, March 1, 2005, to consider two bills. Rep. Maddox rolled **HB 0665** (payment to service providers by the Division of MR) one week. **HB 0667** by Rep. Maddox, which exempts psychiatrists, psychologists, senior psychological examiners, and psychological examiners who treat patients at community mental health centers from the patient notification requirement when such providers leave the centers, was referred to full committee. This bill requires patient records to remain with the center unless transferred in accordance with state and federal law.

Public Health & Family Assistance Subcommittee

The **Public Health & Family Assistance Subcommittee** met Wednesday morning, March 2, 2005, with four bills on notice. Rep. Briley rolled **HB 0216** (drop in child care centers) one week. **HB 0641** by Rep. Harrison that permits federally qualified health centers to employ physicians through a written contract or job description was referred to full committee. Rep. Armstrong presented **HB 0836** which requires the Board for Licensing Health Care Facilities to establish and maintain a trauma registry. The bill was then rolled one week with an amendment pending that clarifies the confidentiality of the registry data. Rep. Armstrong rolled **HB 0859** (exception to seven year timeframe to complete the US Medical Licensing Exam) four weeks.

Professional Occupations Subcommittee

The **Professional Occupations Subcommittee** met at noon on Wednesday, March 2, 2005, to consider two bills, referring one to full committee. **HB 0999** by Rep. Sontany that authorizes RNs employed in assisted care living facilities to pronounce death of a resident of such facility was referred to full committee. **HB 0174** by Rep. McKee that pertains to complementary or integrative health care treatment was discussed, including testimony from proponents and opponents, prior to being rolled four weeks by the sponsor.



Judiciary

Jamie Wyatt

The Full Judiciary Committee

On Tuesday, the Full Judiciary Committee met to discuss nine bills. HB 411 by Rep. Coleman was approved for passage and **referred to Finance**. This bill imposes a Class E felony designation for a simple possession or casual exchange from Class A misdemeanor where a defendant has 2 or more prior convictions for simple possession, casual exchange or manufacture with intent to sell, sale or delivery of a controlled substance.

The following bills were approved for passage and **referred to Calendar & Rules**:

HB 410 by Rep. Coleman permits applications for orders for electronic surveillance to be made in any district where the underlying offense occurs.

HB 1560 by Rep. Coleman removes June 30, 2005 expiration date for TN's participation in national crime prevention stating TN will participate until terminated by the General Assembly.

HB 100 by Rep. Brooks imposes increased punishment for criminal littering from a Class B to a Class A misdemeanor with fines for first offense increasing from \$200 to \$500 with a subsequent offense fined \$1500 from \$500. Also, mandatory community service hours for first offense would increase from 14 hours to 40 with a subsequent offense from 40 hours to 80. The reward for reporting a litter bug increases from \$100 to \$250. There was some discussion as to whether rewards will exceed collection costs.

HB 438 by Rep. Fowlkes removes the statutory provision for compensation limits for attorneys appointed to represent indigents making compensation subject to TN Supreme Court Rule 13.

HB 443 by Rep. Fowlkes, as amended, authorizes registration of any writing if eligible as an electronic record and certified by a licensed attorney or record custodian. It also establishes requirements for the registration of a writing evidencing an environmental hazard or condition.

House Bills Rolled 1 Week:

HB 14 by Rep. Newton was rolled to amend language in order to limit application to incidents involving automobiles.
HB 238 by Rep. Campfield
HB 849 by Rep. Johnson, R.

Civil Practice & Procedure Subcommittee

On Tuesday, the Civil Practice and Procedure Subcommittee met to consider twenty-two bills. HB 752 by Rep. Clem was rolled to the last calendar.

Referred to full committee:

HB 1575 by Rep. West allows a lien to be created on a property regardless of the amount of the lien if a judgment is obtained in any Davidson County Court and registered. This bill will in essence eliminate the current judgment requirement amount of more than \$500 needed to file a judgment from a general sessions court.

HB 554 by Rep. Bunch creates a presumption that damages paid to or on behalf of an insured by an automobile insurance company in a subrogation action will be presumptive evidence as to the damages incurred against an alleged tortfeasor provided that the affidavit is accompanied by a notary seal or a certificate of a judge of general sessions with the certificate of the county clerk.

Civil, continued

House Bills taken off notice:

HB 66 by Rep. Harmon
HB 309 by Rep. Coleman
HB 544 by Rep. Bunch
HB 972 by Rep. Bunch
HB 974 by Rep. Bunch

House Bills rolled 1 week:

HB 252 by Rep. Stanley was rolled and its amendment was adopted.
HB 779 by Rep. Clem was rolled and its amendment was adopted.
HB 986 by Rep. Turner
HB 1274 by Rep. Stanley

House Bills rolled 2 weeks:

HB 211 by Rep. Briley
HB 236 by Rep. Campfield was rolled to review and clarify language concerns.
HB 524 by Rep. Strader
HB 735 by Rep. Hargett

House Bills rolled 3 weeks:

HB 657 by Rep. Kelsey
HB 471 by Rep. Odom
HB 1362 by Rep. Overby rolled at the request of the committee to allow for more discussion.

House Bills rolled 4 weeks:

HB 884 by Rep. DuBois
HB 950 by Rep. Cochran
HB 976 by Rep. Niceley

Criminal Practice & Procedure Subcommittee

On Tuesday, the Criminal Practice & Procedure

Subcommittee met to consider nine bills.

HB 1248 by Rep. Godsey proposed adding the luring of a victim to the aggravating factors in sentencing for first degree murder failed for lack of second. HB 151 by Rep. Turner and HB 179 by Rep. Langster were taken off notice.

The following bills were rolled for 2 weeks:

HB 1249 by Rep. Godsey
HB 200 by Rep. Eldridge
HB 234 by Campfield
HB 244 by Rep. DuBois
HB 406 by Rep. Sargent
HB 498 by Rep. DuBois

Constitutional Protections Subcommittee

On Wednesday, the Constitutional Protections Subcommittee met to consider fifteen bills. HB 290 by Rep. Hackworth and HB 1406 by Rep. Tindell were taken off notice. HB 1239 by Rep. Casada was rolled 4 weeks.

House Bills rolled 1 week:

HB 795 by Rep. Matheny
HB 1182 by Rep. Buck

House Bills rolled 2 weeks:

HB 1432 by Rep. Jones, S.
HB 205 by Rep. Briley
HB 1280 by Rep. Overbey
HB 316 by Rep. Lynn
HB 724 by Rep. Eldridge
HB 204 by Rep. Briley
HB 597 by Rep. Curtiss
HB 384 by Rep. Briley
HB 385 by Rep. Briley
HB 1349 by Rep. Briley

Judicial Administration Subcommittee

On Wednesday, the Judicial Administration Subcommittee met to consider five bills. HB 1337 by Rep. Stanley was taken off notice. HB 592 by Rep. Curtiss was rolled 3 weeks.

House Bills rolled 1 week:

HB 173 by Rep. McKee was met with much discussion. Prior to being rolled, Judge Connie Clark of the AOC spoke to the bill and how passing it may require

some change to the TN Public Records Act as well as a change in procedure for the clerks to comply. Mr. Wally Kirby of the DAs General Conference spoke to the possibility of solving the problem of victims failing to be notified regarding an appellate court opinion prior to media knowledge through some discussion among the DAs and the courts.

HB 207 by Rep. Briley

HB 967 by Rep. Briley

State and Local Government

Lawrence Hall, Jr.

This week in the **State and Local Government full committee**, **HB 1582**, by Rep. McMillan, eliminates the requirement that the election commission or registry of elections send notice regarding the inspection of records. This bill was moved to Finance, Ways, and Means. **HJR 33**, by Rep. Bone, was passed to Calendar and Rules. This resolution, entitled "Tennessee Saves Month, " encourages young people across the State to save money. **HB 31**, by Rep. Swafford, was also passed to Calendar and Rules. This bill redefines "sexually-oriented materials" to make it clear that adult novelties, risqué gifts, and marital aids are included in the definition as it relates to the "Adult-Oriented Establishment Registration Act." **HB 145**, by Rep. Mike Turner, prohibits naming any federal or state highway, road, or state building or facility in honor of a person, unless such honoree resides, or previously resided, in Tennessee. This bill passed to Calendar and Rules. **HB 20**, by Rep. Newton, was passed to Finance, Ways, and Means. This bill, as amended, will disqualify any applicant from obtaining a beer permit if the applicant has been convicted of drug related charges. The amendment removes background check from the bill. **HB 630**, by

Rep. Hawk authorizes county officers and employees to purchase surplus property by competitive sealed bid in addition to purchasing property in a public auction. This bill passed to Calendar and Rules. **HB 606**, by Rep. Curtiss, removes the \$1,000 limit where a superintendent of roads in Warren County is allowed to purchase products without a competitive bidding process and makes the limit conform to the state law limit. This bill was passed to Finance, Ways, and Means. **HB 607**, by Rep. Curtiss was passed to Calendar and Rules. This bill redesignates, in Warren County, the title of "county mayor" to "county executive."

State Government Subcommittee

This week in the State Government Subcommittee HB 70, by Rep. Casada, requires the military department to pay life insurance premiums for national guard members on active duty overseas. This bill passed to full committee. HB 41, by Rep. Dunn, was passed to full committee. This bill requires the fiscal review committee to review and discuss any audit of a department that has been prepared by the Comptroller. *(continued)*

State Government, continued

HB 42, by Rep. Dunn, requires fiscal review to review any state contract that exceeds its original cost by 10% or more. This bill passed to full committee. HB 668, by Rep. Maddox, will allow a member of the general assembly to raise money during session within the member's district if the member is a candidate in a special election to fill a vacancy in the house or senate. This bill was passed to full committee. HB 45, by Rep. Miller was passed to full committee. This bill creates a six-member oversight committee to review and evaluate diversity in state contracting and procurement.

Local Government Subcommittee

This week in Local Government Subcommittee, HB 1583, by Rep. McMillan was passed to full committee. This bill increases the income level for property tax relief for the elderly to \$14,000 in 2006. HB 1584, by Rep. McMillan was also passed to full committee. This bill increases the value of disabled veterans home for property tax relief purposes from

\$140,000 to \$150,000. HB 1661, by Rep. Maddox, excludes Henry County from the requirements for private probation services. This bill passed to full committee. HB 482, by Rep. Overbey, was passed to full committee. This bill allows a county to adopt a resolution to pay clerks of courts that serve multiple courts in the county a 10% increase of their base salary. HB 584, by Rep. Curtiss, will allow an appropriate committee in a county to interview prospective members of county boards and commissions prior being confirmed or rejected by a county legislative body. This bill passed to full committee.

Elections Subcommittee

This week in Elections Subcommittee, HB 69, by Rep. Pruitt, passed to full committee. This bill transfers certain census blocks from Senate District 19 to Senate District 21 in order to place all of the city of Berry Hill in Senate District 21. HB 1261, by Rep. Miller, eliminates the requirement that a candidate file a report detailing where the unexpended balance of campaign contributions will be allocated. This bill

Transportation

Rachel Thomas

Full Committee

The **House Transportation Committee** convened on March 1, 2005, to consider four bills.

The following highway sign bills were passed by the committee and will be considered by the House Finance, Ways, and Means Committee:

HB 383 (Bone)—“Tennessee National Guard Parkway” on State Route 840

HB 587 (Litz)—“R. F. Garrett Bridge” on State Route 160

Chairman Winningham’s **HB 370** and Representative P. Johnson’s **HB 823** were passed to the Calendar and Rules Committee. As amended, HB 370 adds school buses to the list of motor vehicles authorized to use flashing “wig-wag” lights. This is permissive legislation such that counties will not be required to retroactively fit school buses with the lights. HB 823, as amended, lowers the minimum height requirement for child restraint devices from five feet to four feet, nine inches. This will apply only to children from ages four to eight years old.

(continued)

Public Safety & Rural Roads Subcommittee

The **Public Safety & Rural Roads Subcommittee** met March 1, 2005, to consider twelve bills. Action was deferred on **HB 671** (Maddox) for one week, **HB 1576** (West) for two weeks, **HB 670** (Maddox) and **HB 1606** (Borchert) for three weeks, and **HB 652** (Miller L) for four weeks. Representative Davidson's **HB 1213** was placed on the committee's last calendar.

The following bills were referred to the full Transportation Committee:

HB 104 (McDonald)—“David Mandrell Memorial Highway” sign in the town of Westmoreland.

HB 419 (Matheny)—Requires that any license plate manufactured or sold in Tennessee that is not an official plate issued by the Department of Safety bare the word “REPLICA.”

HB 448 (Todd)—Increases the penalty fine for failing to comply with motor vehicle financial responsibility laws regarding insurance. This will not apply to persons who do have insurance, but are temporarily without their insurance card.

HB 658 (Pleasant)—Clarifies that drivers should stop at a flashing red light and yield at a flashing yellow light.

HB 1006 (Fowlkes)—Creates a misdemeanor for “careless driving” which is defined as driving a

motor vehicle in a manner that is not careful or prudent given all of the attendant circumstances.

HB 1242 (Godsey)—Removes the restriction that motorcycle handlebars be less than fifteen inches higher than the operator's seat.

Public Transportation & Highways

The **Public Transportation & Highways Subcommittee** met on March 1, 2005, to consider eleven bills. Action was deferred for one week on **HB 377** (Cobb) and **HB 245** (DuBois). Action on **HB 1423** (West), **HB 1430** (West), **HB 881** (Casada), and **HB 208** (Briley) was deferred for two weeks. Representative Ferguson's **HB 32** was deferred for four weeks. The following two bills were passed to the full Transportation Committee:

HB 1316 (Fowlkes)—“Marshall County Veteran's Parkway” sign in Marshall County.

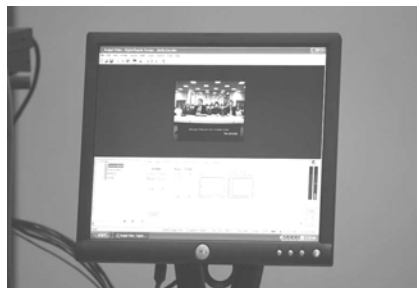
HB 30 (McDonald)—“Leon Shoulders Memorial Bridge” highway sign on State Highway 25.

HB 1612 (Borchert)—Provides for the erection of directional signs for Tennessee's Kentucky Lake Recreational Area in Benton and Humphreys Counties.

HB 505 (McKee)—“Clyde Webb Highway” sign on State Route 305.

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of Meetings Can Be Found
on the Assembly's Website**



Budget Hearings—Budget Overview

Julie Travis

"The Budget Overview for Fiscal Year 2005-06"

Commissioner Goetz began his presentation to the House Finance, Ways, and Means Committee by giving the committee the four basic budgetary principles used in preparing Governor Bredesen's budget proposal for fiscal year 2005-06. The Governor's four basic budgetary principles are:

- To submit a responsible, balanced plan with no new taxes (for the third consecutive year);
- To control costs in TennCare;
- To keep education as the Number One priority; and
- To invest in fundamentals (i.e., job creation, conservation, and community safety).

He then presented an overview illustrating the state's recent history in correcting the budget imbalance prior to fiscal year 2003-04. Governor Bredesen's administration achieved this by presenting balanced budgets that matched recurring revenue with recurring expenditures, made cuts across state government, with the exception of K-12 education, and closed the fiscal year with an operating surplus. Commissioner Goetz expounded upon the success of FY 04-05's budget, where Tennessee maintained fiscal stability through sound budgeting practices and additional investments were made in K-12 education, including increasing teachers' salaries. State employees also received a pay increase last year, and continued targeted budget reductions were made across departments. Higher education saw investment in capital improvements throughout campuses statewide, and the Rainy Day fund was increased to a record level in FY 04-05, reaching \$275 million.

Moving forward, the new budget for fiscal year 2005-06 has the following stated objectives, as presented in Tuesday's (February 1, 2005) overview:

- Maintain fiscal discipline
- Control costs in TennCare
- Increase funds for K-12 education
- Continue increasing state employee pay (1% increase with recurring revenue plus a 1% bonus from non-recurring dollars)
- Make targeted investments in areas such as pre-K, jobs, and conservation
- Continue pursuing capital improvements in higher education and elsewhere in government
- Restore funding cuts to local governments as promised

Further strengthens the Rainy Day Fund (This new budget would leave the rainy day fund at the highest level in our State's history, projecting \$315 million.)

Budget Overview, cont.

When examining the numbers, this budget (FY 05-06) reflects a moderate growth in state funds and “flat growth” overall, due to reductions in TennCare, as proposed by the Administration. The Budget Breakdown is as follows (showing a comparison of estimated funding for FY 04-05 and FY 05-06):

TENNESSEE'S TOTAL STATE BUDGET				
GROWTH BY FUND (Federal & State Dollars Combined)				
Source (millions)	FY 2004-05 (estimated)	FY 2005-06 (recommended)	GROWTH	
State	\$11,076	\$11,244	1.5%	
Federal	9,685	9,569	(1.2%)	
Other	4,620	4,283	(7.3%)	
—	—	—	—	
TOTAL	\$25,381	\$25,096	(1.1%)	
Fund (millions)	FY 2004-05 (estimated)	FY 2005-06 (recommended)	GROWTH	
General Fund	\$22,303	\$21,826	(2.1%)	
Transportation	1,619	1,859	14.8%	
Debt Service	251	274	9.2%	
Facilities Revolving	138	128	(7.2%)	
Cities/Counties (SST)	671	708	5.5%	
Capital Outlay	399	301	(24.6%)	
—	—	—	—	
TOTAL	\$25,381	\$25,096	(1.1%)	

Of the total \$194.2 million in improvement funding proposed for public education in fiscal year 2005-06, \$84.8 million is included to fully fund the BEP, \$41.4 million will fund teacher pay raises, and \$45 million is projected for use in other investments. These “other investments” are also referred to as the Governor’s core “targeted investments” in Education which will yield large dividends in Tennessee’s future; these investments include expanding pre-kindergarten programs (from excess lottery funds, totalling \$25 million), and funding school programs which target at-risk students (\$11 million). It would also be used for teacher training initiatives (\$5 million) and for additional funding in after-school programs (\$4 million).

This year’s budget maintains current levels of Higher Ed operational funding and funds the six highest-priority capital projects according to THEC. The THEC funding for capital projects totals \$82.5 million, of which \$59.7 million is proposed to come from bonds.

Budget Overview, continued

In an effort to restore state-shared tax cuts made during the past two years' budget cycles, the Governor is proposing to begin the restoration of state-shared taxes previously cut from local governments (both municipalities and counties). Out of the total \$35 million that was cut each year over the past two years, \$20 million will be restored this year in the new budget. The remaining \$20 million in cuts (taking into account inflation) will be restored in FY 06-07. This year's proposed budget plans to fully restore payments to local jails and real-estate transfer tax cuts to support parks and conservation. Two-thirds of the restored \$18 million in real-estate transfer tax cuts is to be from recurring dollars and one-third will be non-recurring but will be converted to recurring in FY 06-07.

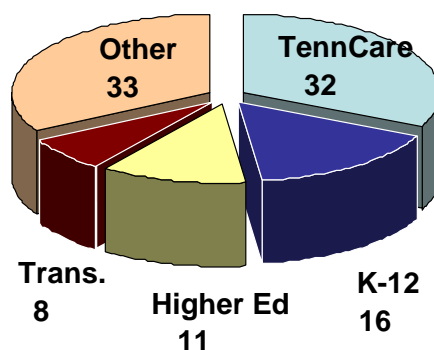
There are potential risks that could adversely affect the Governor's proposed budget; those risks include an unsustained economic recovery and unexpected changes in TennCare due to ongoing litigation. Commissioner Goetz testified that each one month delay in implementing the Governor's prescribed changes to TennCare costs the state an additional \$60 million per month. (The budget overview does not address the recent ruling by Judge Haynes and the state's appeal filed with the US Court of Appeals for the 6th Circuit.)

Total FY 05-06 Budget (including federal dollars)

TennCare	\$ 8.01 B
K-12	4.04 B
Higher Ed	2.06 B
Transportation	1.86 B
Other	8.33 B

TOTAL **25.10 BILLION**

(Printed from p. 6 of the Budget Overview slide)



Budget Hearings—Finance & Administration

Julie Travis

Commissioner Dave Goetz presented the Dept. of Finance and Administration's fiscal year 2005-06 budget request to the House Finance, Ways, and Means Committee on February 9, 2005. As stated in *The Budget*, "[The Department's] responsibilities involve the coordination of a number of state government activities that are provided through administrative services, fiscal and management services, capital and facilities management services, and TennCare oversight."

(continued)

Finance and Administration, continued

The Department's budget request for **FY 05-06** is a **total** of **\$214,544,700** of which \$15,437,600 are State dollars, \$32,476,400 are Federal, and \$166,630,700 are "Other" (mostly interdepartmental revenue). The Department has requested only **one improvement item** in the Governor's approved budget document: **\$1,500,000** for the **Geographic Information System (GIS)** which as testified in the hearing, would bring the project close to completion. The 1.5 million, non-recurring, state dollars in improvement funding monies would complete the digitized mapping of land parcels from aerial photography for GIS. As published in the Budget Document, "Without additional funding, completion of the system will be delayed, and data will become outdated more quickly, particularly in high-growth areas."

The Commissioner was questioned about the original improvement request made in December. The original GIS improvement request was for \$3.5 million during the Governor's budget hearings. Two million dollars in savings were found when the project was re-bid, thus the reduced \$1.5 million funding request was made to the Legislature, which is the amount currently listed in the Budget Document.

Following the Commissioner's presentation of the Department's budgetary overview, questions were asked by the committee membership regarding not only the budget request, but also the recent W-2 mailing mix-up. The Commissioner testified that the mix-up was caused by a printing error and the only out-of-state costs in correcting the mistake was for the additional postage required for the second mail-out of forms.



Commissioner Goetz (file photo)

Comptroller / Funding Board Estimates

Julie Travis

"Comptroller Morgan presents Funding Board's Revenue Estimates for FY 04-05 and FY 05-06 "

At the February 8, 2005 meeting of the House Finance, Ways, and Means Committee, Comptroller Morgan presented an overview of the Funding Board's December 2004 meetings where revenue estimates for fiscal years 2004-05 and 2005-06 were projected and agreed upon. The Funding Board heard economic testimony from Dr. William Fox (UT), Dr. Albert DePrince (MTSU), Dr. Jeff Wallace and Dr. Richard Evans (U of M), Mr. Jim White (Fiscal Review), and Mr. Reid Linn (Revenue). Comptroller Morgan reminded the committee of the Board's charge to develop consensus ranges of state revenue growth and to evaluate and interpret revenue forecasts supplied by various economists as well as persons acquainted with the state's revenue system.

(continued)

Comptroller/Funding Board Estimates, continued

The consensus of the presenters at the December meeting was that the economy has grown, but problems still remain. Consumer confidence is shaky due to the conflict in Iraq; car sales have slowed and housing starts have declined. The increased costs of gasoline, lack of car manufacturer incentives, and the increase in interest rates all have had an additional effect upon many of Tennessee households.

There was some uncertainty as to the impact of last year's federal law change allowing for the deductibility of the state's sales tax on federal income tax returns. The state has historically experienced strong revenue growth immediately following a sales tax increase with dwindling returns as time progresses. It was noted that this most recent sales tax rate increase produced only one year of strong revenue growth. Reference was also made to the impact of 'e-tailing' (retail purchases made on the internet) on the state's sales tax revenues.

All presenters believed that the state would experience a modest revenue growth during both fiscal years 2004-05 and 2005-06. Fiscal year 2004-05 estimates from four of the five presenters to the Funding Board showed a total revenue growth range from 2.87% to 3.68%. For FY 05-06, the estimates for total revenue growth range from 3.21% to 3.99%.

The Funding Board also heard presentations on the Tennessee Education Lottery. Mr. Jim White, Executive Director, and Mr. Robert Currey, Fiscal Analyst, of the State's Fiscal Review Committee presented their projections on the lottery sales since its inception in late January 2004 (with the exception of Lotto 5 which started in September 2004). An excellent presentation of the history of revenue generation in the instant ticket games and the three on-line games (Cash 3, Powerball, and Lotto 5) was given by Mr. Currey. He noted the particular volatility of the Powerball revenue and discussed other forecasting limitations and the volatile maturation process of a lottery. The weighted average estimate of net lottery proceeds available for deposit into the Education Account for fiscal year 2004-05 is \$221.6 million and for fiscal year 2005-06 is \$232.8 million. An important point was raised by Mr. White that the lottery revenues that become available for pre-school and after-school programs should not be considered recurring revenue at a certain level and expenditures of these funds should be for non-recurring items.

The Board also heard testimony from Ms. Rebecca Paul, CEO and President of the Tennessee Education Lottery Corporation, on the success of the lottery since its inception. She informed the Board of the success of the lottery and the amounts of money deposited into the Education Account. The first deposit was made on April 15, 2004 in the amount of \$63.774 million with additional quarterly payments made on July 15th for \$59.497 million and on October 15 for \$51.314 million. Actual ticket sale revenue through Oct. 31, 2004 for FY 04-05 was \$251.335 million; they also forecasted a 4% increase in ticket sales.

Dr. Rhoda, Executive Director, and Mr. Ness, Associate Director for Policy, Planning, and Research, of THEC, presented an estimate of the total cost of lottery-related student financial assistance for FY 05-06, projecting an annual cost of approximately \$140 million. The Board also discussed the phenomenon of "jackpot fatigue" (when once-eager players lose interest in the lottery, particularly when the player gets bored from jackpots that seem less impressive over time) and its impact on Powerball ticket sales.

(continued)

The Board concluded that the estimates of net lottery proceeds, after adjustment for the expense assumption, are extremely close for both years except for assumptions regarding the frequency of occurrence of Powerball jackpots exceeding \$150 million. Consensus was reached on the estimates of lottery revenue net proceeds to be deposited in the Lottery for Education Account, to be used as directed in the statutes. For FY 04-05, net lottery proceeds are estimated to be \$210 million and for FY 05-06 net lottery proceeds are projected to be \$219 million. These estimates will be revisited again when the Funding Board considers revisions to the ranges of State revenue estimates prior to the passing and final adoption of the Appropriations bill.

Budget Hearings—General Services

Kristina Ryan

On February 9, 2005, the Department of General Services presented its proposed budget to the House Finance, Ways and Means Committee. Commissioner Gwendolyn Davis, Assistant Commissioner Dennis Johnson, Program Director Leroy Richmond and Tommy Chester represented the department.

The purpose of the Department of General Services is to provide quality products to all state entities in a timely and efficient manner. The Department of General Services provides assistance through administrative services, property management and utilization services, and interdepartmental support services. The vast majority of the department's budget is derived from revenues from services that they provide to state government.

The recommended budget total for the Department of General Services is **\$96,435,600**. The department is not requesting any new improvements from the state. The recommended budget by division is as follows:

Administration -	\$4,656,200
Systems Management -	\$2,395,400
Property Utilization -	\$1,774,900
Motor Vehicle Management -	\$33,955,800
Property Management -	\$13,969,400
Postal Services -	\$16,970,500
Printing -	\$4,576,500
Purchasing -	\$4,244,800
Records Management -	\$1,321,500
Central Stores -	\$7,726,700
Food Services Program -	\$4,843,900
Total -	\$96,435,600

Department of Safety

Denise Sims

Commissioner Fred Phillips was joined by Deputy Commissioner Tom Moore, Colonel Lynn Pitts, Commander of the THP, and Bill Hedge, Director of Fiscal Services for the February 16th hearing.

Commissioner Phillips presented the department's recommended 2005-06 budget which shows **a total of \$174,726,400, of which \$128,870,600 are state dollars.** This budget reflects zero growth over FY's 2004-05 budget - a change of a negative eleven hundredths of a percent (-0.11%).

The budget also asks for **\$3,544,900 in improvements** – \$2.1 million for payroll and \$1.4 million for operational. The payroll improvement requests stem from statutory step increases and the annual commissioned officer salary survey (mandated by T.C.A. Title 4, Chapter 7, Part 2). The \$1,400,000 operational request is a result of the increases in operating costs of the motor vehicle fleet and vehicle purchases.

These improvement funds are recommended for the following programs:

1) Administration:	\$ 12,800
2) Motor Vehicle Operations:	1,400,000
3) Driver License Issuance:	3,700
5) Highway Patrol:	2,088,400
6) C.I.D. Anti-Theft Unit:	16,200
7) Driver Education:	2,300
8) Law Enforcement Training Agency:	18,200
9) Technical Services:	3,300
<hr/>	
= \$3,544,900 in improvements	

Commissioner Phillips told the committee in the last two years, the department has reduced its budget and that any further reductions would impact the services most affecting the motoring public. The department is charged with providing the statutorily mandated law enforcement, driver licensing and titling and registration services for Tennesseans.

Follow-up questions from the Finance Committee centered around:

- Times needed for license renewals at testing and renewal stations. According to Commissioner Phillips, the average time for those getting license duplicates and renewals (i.e., non-testing applicants) is now 15 minutes. Experts at Federal Express are scheduled to offer assistance to the department on shortening *wait* times at testing and renewal stations. In addition, the Commissioner says new license issues are growing at a rate of 5,000 a month. Fortunately, the driving public has begun to use Internet renewals, renewals at kiosks, and other measures more than in the past.
- Certificates for driving and the effect of new federal legislation on certificates. The Commissioner says over 14,000 such certificates have been issued. He says other states are observing the system and how it is working in Tennessee.
- Local police salary supplements. Commissioner Phillips says to put in the \$600 supplement would cost the department over a million dollars. He says the supplement of \$518.70 has been reduced to \$508 to meet budgetary restrictions.

Department of the Treasury

Denise Sims

The Treasury Department presented a **total FY 2005-06 budget of \$19,560,500 of which \$149,700 will be state dollars**. That is a total of the Treasury's departmental budget (\$19,425,600), the Certified Public Administrators incentive program for qualified officials (\$54,800), and the Small and Minority Owned Business Assistance Program (\$80,100). The budget, as presented by the department, was fully recommended by the Governor.

Treasurer Dale Sims announced to the committee that the budget basically represents no new growth with the exception of two improvements, both information systems related. He noted that both of these improvements are not state-appropriated items, but are funded from interdepartmental or current services revenues.

Improvements Requested:

1) Funding is needed for database conversion of the Consolidated Retirement Information System (CRIS) and modification of the Treasury Retirement Installment Plan. Treasurer Sims says the CRIS system is twenty years old and that it needs to be streamlined and given added functionality. This should extend the life of the system by another ten years. The primary reason for the updates relates to group insurance programs for retirees. In the past, there were only a few options given to state workers facing retirement. Now, those few options have climbed to twelve, causing the department to carry out complicated monthly deduction work. This improvement to the CRIS system and the Retirement Installment Plan amounts to **\$1,405,800, of which \$1.3 million are non-recurring funds**.

2) Funding is needed for implementation of the Claims Commission case management system. This function was transferred to the Treasury Department in 1997 from the Department of Commerce and Insurance. The current system, about twenty years old, has also become antiquated and funds are needed to bring in a system to actively manage caseloads. The system will maintain a record of all Claims Commission actions and will provide other services. This improvement amounts to **\$300,000 of which \$250,000 will be non-recurring funds**.

Following his review of the budget, Treasurer Sims reminded the Finance Committee of a couple of pending matters. He pointed out that under the Certified Public Administrators statute, a stipend of up to 1500 dollars is given to certain county officials who complete an advanced course of study at UT's Institute for Public Service. When the measure was enacted, an initial payment of \$375 was awarded toward the total amount. Treasurer Sims says they are now funding these incentive payments at less than that, and that it would require \$357,000 to fully fund these stipends at the current level of participation. Presently there are 275 persons eligible.

He also updated not-so-good information for the members on the retirement contribution rate. Treasurer Sims says because they are still absorbing investment losses from the weaker years of 2001 and 2002, there is still upward pressure on the retirement contribution rate. He says by rough estimates, next year, after July 1, 2006, members may be looking at a requirement of anywhere from 100 to 150 million dollars, representing 65 to 85 million dollars in general fund dollars.

The Department of the Treasury administers the Tennessee Consolidated Retirement System, providing coverage for over 80,000 persons retired from state service. It manages the State Pooled Investment Fund, oversees the State Employees' Deferred Compensation Program, oversees the Flexible Benefits

Department of the Treasury, continued

Program, administers the Baccalaureate Education System Trust (BEST), directs the staff of the Claims Administration and Risk Management Divisions, administers the Small and Minority Business Assistance Program, oversees the three-member Claims Commission, and administers the annual Certified Public Administrators educational incentive payment program.

Office of Homeland Security

Rachel Thomas

Major General (retired) Jerry Humble addressed the House Finance, Ways, and Means Committee on February 16, 2004 regarding the Office of Homeland Security's proposed budget. The office develops and coordinates a comprehensive strategy to secure the State from terrorist threats and attacks. The aforementioned strategy is implemented by the Homeland Security Council which consists of representatives from various government agencies and departments.

General Humble outlined various improvements that have occurred during his tenure (since 2003) at the Office of Homeland Security. These include:

- ▶ Three regional offices managing terror threats and investigations in their respective areas
- ▶ Operation Ball Tiger—a collaborative product of many bureaus designed to detect terrorism
- ▶ Regional information centers established by the Tennessee Bureau of Investigation in order to compile actionable information about terror threats
- ▶ Training for officers as well as outreach education
- ▶ An enhanced volunteer program, including increased participation in the Neighborhood Watch Program

Under General Humble's leadership, the number of terror-related investigations in Tennessee has tripled.

The proposed **total budget** for the Office of Homeland Security is **\$4,871,300**, of which **\$867,400** consists of **State** funds and \$4,003,900 is "Other" funding. The "Other" funds consist of \$1.4 million in federal money through a partnership with TEMA, the Department of Health, and Citizens Corp and \$2.6 million for contractor assistance in a statewide training program through TEMA where the Office of Homeland Security is charged with providing program oversight. No improvements were requested.

Department of Veterans Affairs

Shannon Romain

The Department of Veterans Affairs serves the state's more than one-half million veterans, their survivors, and dependents through a statewide power of attorney-based claims processing system. The department's training and certification program for county service officers and department employees ensures that the veterans of the state receive maximum earned entitlements. The department operates a state veterans' cemetery in each grand division, with Tennessee having one of the highest interment workloads in the nation.

	BASE 2005-2006	IMPROVEMENT 2005-2006	RECOMMENDED 2005-2006
Full-Time	64	5	69
Part Time	0	0	0
Seasonal	0	0	0
Total	64	5	69
Payroll	2,638,900	118,300	2,757,200
Opera-	753,600	*300,000	1,053,600
Total	\$3,392,50	\$418,300	\$3,810,800
State	2,949,800	418,300	3,368,100
Federal	360,000	0	360,000
Other	82,700	0	82,700

* The \$300,000 request for operational improvements is non-recurring; however, this amount could potentially decrease if the department receives assistance realigning headstones from the Department of the Military's engineering corp. Any savings will be returned to the general fund.

